



The Voice of Small Business

MICHIGAN

To: Honorable Members of the Michigan Senate Insurance Committee

From: Amanda Fisher, Assistant State Director

Date: October 11, 2017

RE: Vote No on SB 492 – Oral Chemo Mandate

We ask that you vote no on SB 492 that would require oral chemotherapy bills to be charged at the same cost as IV chemotherapy because the bills will ultimately make health care in Michigan less accessible and less affordable.

In the face of skyrocketing health insurance costs, many job-providers struggle to find ways to keep health insurance accessible and affordable for employees. Consequently, many health insurance products are designed to share the cost of coverage with enrollees. Pharmaceutical drugs make up a significant portion of the cost of health care coverage and high-cost specialty drugs make up a fast-growing component of health care costs.

All health plans in the state of Michigan already cover these drugs, typically in a Tier 2 pharmacy benefit. Limitations on the enrollee cost-sharing requirements in private insurance contracts do nothing to change the cost of the drugs; they simply shift the cost of these drugs to the employers' premium.

These bills present a number of great concerns for our members, including:

- The legislation will **increase the cost of health insurance** at a time when costs are already rising due to medical inflation and the new federal health care law. As a result of these increases, many job providers may be forced to increase co-pays and deductibles – or stop offering health insurance coverage altogether. So while some people would have this additional coverage, enactment of these bills could cause more people to have no coverage at all.
- Given that the federal ERISA law pre-empts self-insured firms from state mandates, passage of SB 492 will **only impact small- and medium-sized firms**, generally firms with fewer than 100 employees, and individuals purchasing coverage in the individual market, driving up the cost of their health insurance coverage.
- This legislation is a clear example of **government price-fixing**. Oral chemotherapy drugs and IV chemotherapy medications have very different costs and to have the Legislature set limits on the patient's portion of these costs does nothing to change the underlying price of the drug; **it simply shifts the remaining cost to the employer or the individual.**

It is inconsistent for legislators to express concern over the rising cost of health care while voting in support of measures that contribute to the problem. Piling on more government-imposed health care mandates on Michigan job providers is the wrong answer at the wrong time, especially when you consider the costly mandates included in the federal health care law and the steep curve of medical inflation.

We ask that you vote no on SB 492. Thank you for your support of small business.